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U.S. Commodity Exchange Administration

Rules and regulations of the Secretary...

[Washington]

1937

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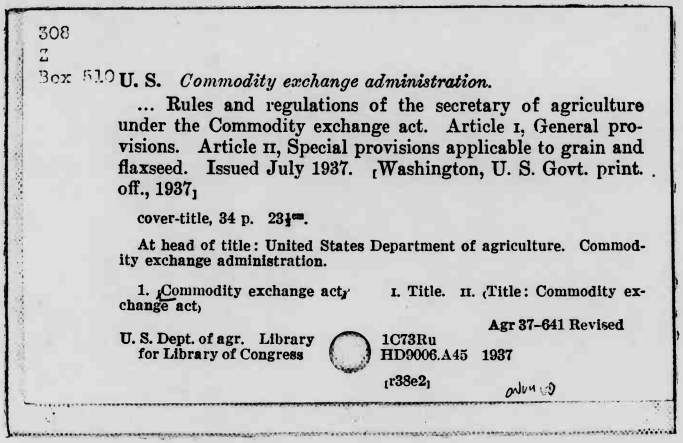

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Box 510 U. S. *Commodity exchange administration.*

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UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE ADMINISTRATION

RULES AND REGULATIONS

OF THE

SECRETARY OF AGRICULTURE

UNDER THE

COMMODITY EXCHANGE ACT

ARTICLE I
GENERAL PROVISIONS

ARTICLE II
SPECIAL PROVISIONS APPLICABLE TO GRAINS AND FLAXSEED

ISSUED JULY 1937

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Box 510

United States Department of Agriculture

COMMODITY EXCHANGE ADMINISTRATION

RULES AND REGULATIONS OF THE SECRETARY OF AGRICULTURE UNDER THE COMMODITY EXCHANGE ACT

GENERAL PROVISIONS (ART. I) AND SPECIAL PROVISIONS APPLICABLE TO GRAINS AND FLAXSEED (ART. II) PROMULGATED JULY 14, 1937

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

Pursuant to the authority vested in the Secretary of Agriculture by the Commodity Exchange Act (7 U. S. C. and Supp. II, secs. 1–17a), I, Harry L. Brown, Acting Secretary of Agriculture, do hereby make, prescribe, publish, and give public notice of the following rules and regulations, which shall become effective on the second day of August 1937 and continue in force and effect until amended or superseded by rules and regulations hereafter made by the Secretary of Agriculture under said act, and shall supersede all rules and regulations heretofore made under said act excepting the rules of practice before the Commission and before the Secretary of Agriculture.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington this 14th day of July 1937.

Harry L. Brown

Acting Secretary of Agriculture.

RULES AND REGULATIONS

ARTICLE I—GENERAL PROVISIONS

Definitions

SECTION 1. Words used in the singular form in these rules and regulations shall be deemed to import the plural, and vice versa, as the case may require.

SEC. 2. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust, within the scope of his employment or office, shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust as well as of such official, agent, or other person.

SEC. 3. The following terms, as used in the Commodity Exchange Act or in these rules and regulations, shall have the meanings hereby assigned to them, unless the context otherwise requires:

Board of trade.—This term means any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment.

Business day.—This term means any day other than a Sunday or holiday. In all notices required by the act or by these rules and regulations to be given in terms of business days the rule for computing time shall be to exclude the day on which notice is given and include the day on which shall take place the act of which notice is given.

Clearing member.—This term means any person who is a member of, or enjoys the privilege of clearing trades in his own name through, the clearing organization of a contract market.

Clearing organization.—This term means the person or organization which acts as a medium for clearing transactions in commodities for future delivery, or for effecting settlements of contracts for future delivery, for and between members of any board of trade.

Commodity.—This term means and includes wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, and Irish potatoes.

Commodity Exchange Act; the act.—These terms mean the act of Congress entitled, "An Act For the prevention and removal of obstructions and burdens upon interstate commerce in grain, by regulating transactions on grain future exchanges, and for other purposes", approved September 21, 1922 (42 Stat. 998), as amended by the act of Congress, approved June 15, 1936 (49 Stat. 1491).

Commodity Exchange Administration.—This term means the Commodity Exchange Administration of the United States Department of Agriculture established to administer the provisions of the Commodity Exchange Act.

Contract market.—This term means a board of trade designated by the Secretary of Agriculture as a contract market under the Commodity Exchange Act.

Contract of sale.—This term includes sales, purchases, agreements of sale or purchase, and agreements to sell or purchase.

Controlled account.—An account shall be deemed to be controlled by a person if such person by power of attorney or otherwise actually directs trading for such account.

Customer; commodity customer.—These terms have the same meaning and refer to a customer trading in any commodity named in the definition of commodity herein.

Delivery month.—This term means the month of delivery specified in a contract of sale of any commodity for future delivery.

Executing for others.—This term as used in the definition of floor broker means executing by any person of orders, including his own, for the purchase or sale of any commodity for future delivery in the name of, or for the account of, more than one principal (clearing member).

Floor broker.—This term means any person who, in or surrounding any pit, ring, post, or other place provided by a contract market

for the meeting of persons similarly engaged, shall engage in executing for others any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market, and who for such services receives or accepts any commission or other compensation.

Future delivery.—This term does not include any sale of a cash commodity for deferred shipment or delivery.

Futures commission merchant.—This term means individuals, associations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom.

Member of a contract market.—This term means and includes individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon.

Net equity.—This term means the credit balance which would be obtained by combining the commodity margin balance of any person with the net profit or loss, if any, accruing on the open trades or contracts of such person.

Net deficit.—This term means the debit balance which would be obtained by combining the commodity margin balance of any person with the net profit or loss, if any, accruing on the open trades or contracts of such person.

Open contracts.—This term means contracts of purchase or sale of any commodity made by or for any person on or subject to the rules of a board of trade for future delivery during a specified month or delivery period which have not been fulfilled by delivery nor offset by other contracts of sale or purchase in the same commodity and delivery month.

Person.—This term includes individuals, associations, partnerships, corporations, and trusts.

Administration

SEC. 4. The Chief or Acting Chief of the Commodity Exchange Administration shall perform for and under the supervision of the Secretary of Agriculture such duties as the Secretary may require in enforcing the provisions of the act and of the rules and regulations promulgated thereunder.

SEC. 5. No officer or employee of the Department of Agriculture shall publish, divulge, or make known in any manner, except in so far as may be required in the performance of his official duties or by a court of competent jurisdiction, any facts or information regarding the business of any person which may come to the knowledge of such officer or employee through any inspection or examination of the reports or records of, or through any information given by, such person pursuant to the Commodity Exchange Act or these rules and regulations: *Provided, however,* That this prohibition shall not apply to disclosures made in good faith to the Business Conduct Committee or other proper committee or official of a contract

market of matters in respect to which such contract market has responsibility or duty under the Commodity Exchange Act.

SEC. 6. No officer or employee of the Department of Agriculture engaged in the administration or enforcement of the Commodity Exchange Act, or having access to any confidential information obtained under authority of the act, shall have any interest directly or indirectly in any speculative transaction in any commodity for future delivery.

Registration of Futures Commission Merchants and Floor Brokers

SEC. 7. No person shall engage as futures commission merchant in the solicitation or acceptance of orders for the purchase or sale of any commodity for future delivery, of involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market, unless such person shall have secured a certificate of registration as futures commission merchant under the Commodity Exchange Act issued by the Secretary of Agriculture and countersigned by the Chief or Acting Chief of the Commodity Exchange Administration and such registration shall not have expired, been suspended, or been revoked.

SEC. 8. No person shall act as floor broker in executing any orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless such person shall have secured a certificate of registration as floor broker under the Commodity Exchange Act issued by the Secretary of Agriculture and countersigned by the Chief or Acting Chief of the Commodity Exchange Administration and such registration shall not have expired, been suspended, or been revoked.

SEC. 9. Registration as futures commission merchant shall not include registration as floor broker nor shall registration as floor broker include registration as futures commission merchant.

SEC. 10. Application for registration as futures commission merchant shall be made on form 1–R. Application for registration as floor broker shall be made on form 2–R. Application forms may be obtained from the Commodity Exchange Administration, Department of Agriculture, Washington, D. C., or from any field office thereof. Each application shall be executed in accordance with the instructions accompanying the prescribed form and shall be filed in duplicate with the Commodity Exchange Administration.

SEC. 11. Each application for registration, or renewal thereof, shall be accompanied by a registration (or renewal) fee of ten dollars ($10), in the form of a money order, bank draft, or certified check, payable to the United States Department of Agriculture, and the application and fee shall be forwarded to the Commodity Exchange Administration, Department of Agriculture, Washington. D. C.

SEC. 12. Every person registered as futures commission merchant under the act shall post in a conspicuous place in each office in the United States maintained by such person in which orders for the purchase or sale of any commodity for future delivery are solicited

or accepted, the original or a duplicate copy (issued by the Secretary of Agriculture) of such person's registration certificate as futures commission merchant.

Duplicate copies of registration certificates may be issued on request upon the payment of a fee of two dollars ($2) for each duplicate copy. The word "DUPLICATE" in conspicuous letters shall appear on the face of each duplicate copy.

SEC. 13. Upon receipt of an application for registration (or renewal thereof) the Secretary of Agriculture will, if the application be approved, issue a certificate of registration certifying that the registrant has registered under the act as futures commission merchant or as floor broker. The registration fee (including the fee for duplicate copies of the certificate of registration, if any) so tendered, shall be deposited in a special deposit account until the registration is finally issued or denied. If registration be denied, the fee shall be returned to the applicant, but if issued the fee shall be deposited in the Treasury of the United States as a miscellaneous receipt and will not thereafter be subject to refund. Each registration certificate shall bear a serial number, the signature of the Secretary of Agriculture, be issued under the seal of the United States Department of Agriculture, and be countersigned by the Chief or Acting Chief of the Commodity Exchange Administration.

SEC. 14. The registrant shall file with the Commodity Exchange Administration a statement on form 3–R setting forth any change which renders no longer accurate the information contained in any of the items of the registrant's application for registration (or any statement supplemental thereto) that are specified in the instructions accompanying form 3–R. All such statements shall be prepared and filed in accordance with the instructions accompanying such form.

SEC. 15. A new registration shall be required in the event of a change:

(a) in the name of the registrant;

(b) in the ownership of the business of the registrant in the case of a sole proprietorship; or

(c) in the personnel of a partnership resulting from the death, withdrawal, or addition of a partner: *Provided*, That if such change does not, as a matter of law, create a new partnership, it may be reported to the Commodity Exchange Administration on form 3–R, and if so reported by the registrant within 10 days from the date of such change a new registration shall not be required.

SEC. 16. All registrations shall automatically terminate at midnight on December 31 of the year for which issued, unless sooner suspended or revoked in accordance with the provisions of the act and the rules and regulations thereunder.

Reports

SEC. 17. Each futures commission merchant shall report monthly to the Commodity Exchange Administration on form 150. Such reports shall be prepared in accordance with the instructions appearing on form 150 and shall be filed with the Commodity Exchange Administration, United States Department of Agriculture, Wash-

ington, D. C., not later than the tenth day of the month following the month covered by the report. Reports received by mail will be considered duly filed if postmarked not later than midnight of such tenth day. Such reports shall show, by commodities and by markets:

(a) the total quantity of each commodity bought and the total quantity sold for future delivery by such futures commission merchant on or subject to the rules of each board of trade in the United States and elsewhere, during the month covered by the report; and

(b) the total amount of open futures contracts long and the total amount of open futures contracts short on the books of such futures commission merchant as of the close of business on the last business day of the month covered by the report, in each commodity, together with the number of accounts long and the number of accounts short in each commodity.

For the purpose of counting the number of long and short accounts to be reported under subparagraph (b) hereof, and for such purpose only, accounts of the same person in different futures shall be regarded as separate accounts.

SEC 18. Each futures commission merchant shall, upon call from the Commodity Exchange Administration, report on form 160. Such report shall be prepared in accordance with the instructions appearing on form 160 and shall be filed with the Commodity Exchange Administration, United States Department of Agriculture, Washington, D. C., not later than the third business day following the date specified in the call. Reports received by mail will be considered duly filed if postmarked not later than midnight of such third business day.

Such report shall show as of the close of business on the day named in the call:

(a) the total amount of money and credits held or carried by such futures commission merchant for the account of his commodity customers, including margin moneys and moneys and credits resulting from the closed trades and contracts and accruing in connection with the open trades and contracts of such customers; and

(b) the total amount of money segregated and set apart for the benefit of commodity customers—

(1) on hand,
(2) on deposit in banks,
(3) pledged as margin with clearing organizations of contract markets,
(4) pledged as margin with members of contract markets,
(5) invested in securities described in section 4d (2) of the Commodity Exchange Act, and
(6) loaned on security of warehouse receipts in accordance with the rules and regulations of the Secretary of Agriculture.

SEC. 19. Each futures commission merchant shall, upon call, file with the Commodity Exchange Administration a list of all persons who, by power of attorney or otherwise, exercise trading control over any account or accounts of any customer of such futures commission merchant with respect to contracts for the future delivery of any commodity on or subject to the rules of any contract market.

Customers' Funds

SEC. 20. All money received by a futures commission merchant to margin, guarantee, or secure the trades or contracts of commodity customers and all money accruing to such customers as the result of such trades or contracts shall be separately accounted for and be segregated as belonging to such customers. Such funds, when deposited with any bank or trust company, shall be deposited under an account name which will clearly show that they are customers' funds segregated as required by the Commodity Exchange Act, and under a written agreement with such bank or trust company waiving any claim, lien, or right of set-off of any nature which such bank or trust company might otherwise have or obtain against such funds. An executed copy of such agreement shall be kept as a permanent record by the futures commission merchant. If such funds are deposited with a clearing organization of a contract market, they shall be deposited under an account name which will clearly show that they are customers' funds segregated as required by the Commodity Exchange Act. Under no circumstances shall any portion of commodity customers' funds be obligated to the clearing organization of a contract market, or to any member of a contract market, except to margin, guarantee, secure, transfer, adjust, or settle trades and contracts made in behalf of such commodity customers.

SEC. 21. All money received directly or indirectly by, and all money and equities accruing to, a futures commission merchant from any clearing organization of any contract market, or from any member thereof or from any member of a contract market, incident to or resulting from any trade or contract in commodity futures made by or through such futures commission merchant in behalf of any customer shall be considered as accruing to such customer within the meaning of section 4d (2) of the Commodity Exchange Act. Such money and equities shall be treated and dealt with as belonging to such customer in accordance with the provisions of the act. Money and equities accruing in connection with customers' open trades or contracts need not be separately credited to individual customers' accounts but may be treated and dealt with as belonging undivided to all customers having open trades or contracts which if closed at the settling price as fixed by the clearing organization would result in a credit to such customers.

SEC. 22. No futures commission merchant shall use, or permit the use of, the money, securities, or property of one customer to margin or settle the trades or contracts, or to secure or extend the credit, of any person other than such customer. The net equity of one customer shall not be used to carry the trades or contracts or to offset the net deficit of any other customer or person or to carry the trades or offset the net deficit of the same customer in goods or property not included in the term "commodity" as defined herein.

SEC. 23. The prohibition in section 4d (2) of the Commodity Exchange Act against commingling customers' funds with the funds of a futures commission merchant shall not be construed to prevent such futures commission merchant from having a residual financial interest in the funds segregated and set apart for the benefit of commodity customers, nor shall such prohibition be construed to prevent

a futures commission merchant from adding to customers' segregated funds from his own funds such amount or amounts of money as he may deem necessary to insure any and all customers' accounts from becoming undermargined at any time: *Provided, however*, That the books and records of such futures commission merchant shall at all times accurately reflect his interest in customers' segregated funds. Such futures commission merchant may draw upon such segregated funds to his own order to the extent of his actual interest therein: *Provided*, That such withdrawal shall not result in the money, securities, property, or equity of one customer being used to margin or carry the trades or contracts, or extend the credit, of any other customer or person.

SEC. 24. Money held in segregated account by a futures commission merchant shall not include: (a) money invested in obligations or stocks of any clearing organization, or in memberships in or obligations of any contract market; or (b) money held by any clearing organization of any contract market which may be used by such clearing organization for any purpose other than to margin, guarantee, secure, transfer, adjust, or settle the contracts or trades of the commodity customers of such futures commission merchant.

SEC. 25. Any futures commission merchant may, in accordance with the provisions of section 4d (2) of the Commodity Exchange Act,

(a) invest customers' money in obligations or investment securities as described in said section; and

(b) loan customers' money to other persons on the security of negotiable warehouse receipts conveying or securing title to readily marketable commodities, subject to the following conditions:

(1) that such warehouse receipts be issued by a public warehouseman other than such futures commission merchant, licensed as warehouseman under the provisions of the United States Warehouse Act or the warehouse laws of any State; and

(2) the amount of any loan so made shall at no time exceed 85 percent of the current market value of the commodities represented by such warehouse receipts.

SEC. 26. Each futures commission merchant who, in accordance with section 4d (2) of the act and with these rules and regulations, invests money belonging or accruing to customers in obligations or investment securities described in said section, or loans such money on the security of negotiable warehouse receipts, shall promptly deposit such obligations, securities, and warehouse receipts in safekeeping with a bank or trust company under an account name which will clearly show that they represent investments of, or security for loans of, customers' funds segregated as required by the Commodity Exchange Act, and under a written agreement with such bank or trust company waiving any claim, lien, or right of set-off of any nature which such bank or trust company might otherwise have or obtain against such obligations, securities, and warehouse receipts, and authorizing inspection thereof at any reasonable time by representatives of the Commodity Exchange Administration. An executed copy of such agreement shall be kept as a permanent record by the futures commission merchant.

SEC. 27. Each futures commission merchant who, in accordance with section 4d (2) of the act and with these rules and regulations, invests money belonging or accruing to customers in obligations or investment securities described in said section, or loans such money on the security of negotiable warehouse receipts, shall keep a permanent record showing the following:

(a) with respect to obligations and investment securities,

(1) the date on which such investments were made,

(2) the name of the person from or through whom such obligations or securities were bought,

(3) the amount of money paid for such obligations or securities,

(4) a description of such obligations or securities,

(5) the date on which disposition was made of such obligations or securities and the amount of money received therefor, and

(6) the name of the person to or through whom such obligations or securities were sold; and

(b) with respect to warehouse receipts,

(1) the date on which such loans were made,

(2) the name of the person to whom such funds were loaned,

(3) the amount loaned on the security of such warehouse receipts,

(4) a description of such warehouse receipts,

(5) the date and particulars of any changes or substitutions in the warehouse receipts held as security for such loans, and

(6) the date on which such loans were repaid.

SEC. 28. Futures commission merchants who invest customers' money in obligations or investment securities under the provisions of section 4d (2) of the Commodity Exchange Act shall include such obligations or investment securities in segregated account at values which at no time shall be greater than current market value, determined as of the close of the market on the last preceding market day, less the cost of disposal.

SEC. 29. The investment and lending of customers' funds and the deposit for safekeeping of obligations, investment securities, and warehouse receipts under the provisions of the Commodity Exchange Act and these rules and regulations, shall not operate to prevent the depositor from receiving and retaining as his own any increment or interest resulting therefrom.

SEC. 30. Nothing contained in these rules and regulations shall be construed to prevent a futures commission merchant from lending his own funds to commodity customers on securities and property pledged by such customers, or from re-pledging or selling such securities and property pursuant to specific written agreement with such customers: *Provided, however*, That the proceeds of such loans used to margin, guarantee, or secure the trades or contracts of such customers in any commodity for future delivery shall be treated and dealt with by such futures commission merchant as belonging to such customers, in accordance with and subject to the provisions of section 4d (2) of the Commodity Exchange Act.

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Record Keeping

SEC. 31. All books and records required to be kept by the act or by these rules and regulations shall be kept for a period of five years from the date thereof and during the first two years of such period shall be readily accessible. All such books and records shall be open to inspection by any representative of the United States Department of Agriculture or the United States Department of Justice.

SEC. 32. The amount of money, securities, and property which must be in segregated account in order to comply with the requirements of section 4d (2) of the Commodity Exchange Act shall be computed by each futures commission merchant as of the close of the market each business day, based upon his accounting records. Such computation shall be made as promptly as possible and in any event not later than the next succeeding business day. A permanent record of such computation shall be made and kept in readily accessible form, together with all supporting data.

SEC. 33. Each futures commission merchant shall prepare and keep as a permanent record a statement which shows the position of each customer in each future of each commodity on each contract market as of the close of the last business day of each calendar month. Such statement may be prepared separately or may be combined with the statement required by section 34 hereof.

SEC. 34. Each futures commission merchant shall prepare and keep as a permanent record a statement, commonly known as a "point balance", which accrues or brings to the official closing price, or settlement price fixed by the clearing organization, all open trades or contracts of customers as of the last business day of each calendar month. Each futures commission merchant shall also prepare and keep as a permanent record a statement which shall show, as of the close of the last business day of his fiscal year and semiannually thereafter, (a) the net profit or loss (equity or deficit), based upon the closing price or settlement price fixed by the clearing organization, accruing to each customer from the combined open trades or contracts of such customer, (b) the credit or debit balance of the commodity margin account of each customer, whether or not such customer has any trades or contracts open, and (c) a description of all securities and property in segregated account received from each customer to margin, guarantee, or secure the trades or contracts of such customer: *Provided*, That, upon call, a statement shall be prepared setting forth the information described in (a), (b), and (c) hereof, as of the close of the calendar month specified in the call: *Provided further*, That such statement when made upon call may, with the approval of the Commodity Exchange Administration, be substituted for, and used in lieu of, the next succeeding semi-annual statement which would otherwise be required by the provisions of this section.

SEC. 35. Each futures commission merchant and each member of a contract market shall keep full and complete records of all commodity futures transactions and cash commodity transactions, made by or through him, on or subject to the rules of a board of trade. Such records shall be kept systematically and in such manner as to

be readily accessible. He shall keep such records, including all orders, trading cards, signature cards, street books, journals, ledgers, cancelled checks, copies of confirmations and copies of statements of purchase and sale, together with all other data and memoranda, and records of every sort pertaining to transactions in cash commodities and in commodities for future delivery, for a period of five years from the date thereof. He shall produce the same for inspection and shall furnish true and correct information and reports as to the contents or the meaning thereof, when and as requested by any authorized representative of the Commodity Exchange Administration.

SEC. 36. Each futures commission merchant shall keep, in permanent and readily accessible form, a record of all securities and property (other than money) received from customers in lieu of money to margin, guarantee, or secure the commodity trades and contracts of such customers. Such record shall include a description of the securities and property received from each customer, the name and address of such customer, the dates when such securities and property were received from and when returned to such customer, or otherwise disposed of, together with the facts and circumstances of such other disposition.

SEC. 37. Each futures commission merchant and each member of a contract market shall keep a record in permanent form which shall show for each commodity futures account carried by him the true name and address of the person for whom such account is carried and the principal occupation or business of such person as well as the name of any other person guaranteeing such account or exercising any trading control with respect to such account. Such record shall be open to inspection by any authorized representative of the Commodity Exchange Administration.

SEC. 38. Each member of a contract market, each futures commission merchant and each floor broker handling or executing trades or transactions known as transfer trades or office trades, or which involve the exchange of futures for cash commodities or the exchange of futures in connection with cash commodity transactions, shall identify and mark by appropriate symbol or designation all such transactions and all records and memoranda pertaining thereto. No transaction or trade shall be considered to be a transfer trade or office trade or an exchange of futures for cash commodities or an exchange of futures in connection with cash commodities unless made in accordance with the written rules of a board of trade applying to such trades and transactions and such rules have not been disapproved by the Secretary of Agriculture.

Execution of Orders

SEC. 39. A member of a contract market who shall have in hand at the same time both buying and selling orders from different principals for the same commodity for future delivery in the same delivery month may execute such orders for and directly between such principals at the market price, if—

(a) such orders are first offered openly and competitively in the trading pit or ring in accordance with the written rules of a contract market applying in such cases and, failing of acceptance, are

executed in the presence of an official representative of such contract market appointed to observe such transactions;

(b) the person executing such orders shall by appropriate descriptive words or symbol clearly identify all such transactions on his trading card or other similar record, made at the time of execution, and shall note or have noted thereon the exact time of execution;

(c) each such transaction shall be made a matter of permanent record by such contract market, which record shall show the date, price, quantity, kind of commodity, delivery month, by whom executed and the exact time of execution; and

(d) the futures commission merchant or floor broker receiving or executing such orders shall have no interest therein, directly or indirectly, except as futures commission merchant or floor broker.

The execution of orders under and in accordance with the conditions herein described will not be deemed to be the filling of orders by offset within the meaning of paragraph (D) of section 4b or to be cross trades within the meaning of section 4c of the Commodity Exchange Act.

Miscellaneous

SEC. 40. Each futures commission merchant and each member of a contract market shall, upon request, furnish or cause to be furnished to the Commodity Exchange Administration a true copy of any letter, circular, telegram, or report published or given general circulation by such futures commission merchant or member which concerns crop or market information or conditions that affect or tend to affect the price of any commodity, and the true source of or authority for the information contained therein.

SEC. 41. Each contract market shall promptly furnish to the Commodity Exchange Administration copies of all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or by any committee or clearing organization thereof, and of all changes and proposed changes therein, and shall notify the Commodity Exchange Administration promptly of all changes in its membership. Three copies of all such material shall be furnished to the Chief of the Commodity Exchange Administration, United States Department of Agriculture, Washington, D. C., and one copy shall be furnished to the supervisor in charge of the field office of the Commodity Exchange Administration having local jurisdiction with respect to such contract market.

SEC. 42. Each contract market shall furnish or cause to be furnished promptly to the Commodity Exchange Administration a copy of each notice of delivery issued by any member thereof covering the delivery of any commodity on a futures contract made on or subject to the rules of such contract market, and shall also furnish or cause to be furnished promptly to the Commodity Exchange Administration a record of all endorsements of the original notice of delivery shown in the order in which such endorsements were made.

SEC. 43. Each contract market shall file with the Commodity Exchange Administration a list of all warehouses in which or out of which commodities are deliverable in satisfaction of futures contracts made on or subject to the rules of such contract market, which list shall show the name, location, and storage capacity of each such warehouse, together with the name and business address of the operator thereof. Such list shall be accompanied by a schedule of the storage charges, handling charges, and the annual fire insurance rate applicable to each such warehouse. The Commodity Exchange Administration shall be kept currently advised of all changes affecting such information.

SEC. 44. Each contract market shall require the operators of warehouses whose receipts are deliverable in satisfaction of commodity futures contracts made on or subject to the rules of such contract market—

(a) To keep records showing the stocks of each commodity traded in for future delivery on such contract market, in store in such warehouses by kinds, by classes, and by grades, if stored under conditions requiring such designation or identification, and including also lots and parcels stored specially or separately or in specially leased warehouse space;

(b) upon call from the Commodity Exchange Administration, to report the stocks of commodities in such warehouses and to furnish information concerning stocks of each commodity traded in for future delivery on such contract market about to be transferred or in process of being transferred, or otherwise moved into or out of such warehouses, as well as any other information concerning commodities stored in such warehouses and which are or may be available for delivery on futures contracts; and

(c) to permit visitation of the premises and inspection of the books and records of such warehouses by duly authorized representatives of the United States Department of Agriculture or the Department of Justice, and to keep all books, records, papers, and memoranda relating to the storage and warehousing of commodities in such warehouses for a period of five years from the date thereof.

SEC. 45. Each contract market shall require that all contracts of sale of any commodity for future delivery on or subject to the rules of such contract market shall provide for the delivery thereunder of commodities of grades conforming to United States standards if such standards shall have been officially promulgated. In the event of a change in United States standards, all contracts made after the issuance of the order of the Secretary of Agriculture promulgating such change, and maturing after the effective date of such change, shall be made on the basis of the standards as changed: *Provided*, That this shall not be construed to prevent the closing of trades made prior to the issuance of such order.

ARTICLE II—SPECIAL PROVISIONS APPLICABLE TO GRAINS AND FLAXSEED

Reporting Requirements

SECTION 200. The word "grain" as used in article II of these rules and regulations shall mean and include wheat, corn, oats, barley, rye, rice, flaxseed, and grain sorghums.

FORM 200

SEC. 201. Each *clearing member* of each contract market shall report to the Commodity Exchange Administration each business day on form 200 applicable to such contract market. Such report shall be prepared in accordance with the instructions appearing on

form 200, to be obtained from the Commodity Exchange Administration, and shall show accurately and fully the information called for with respect to all contracts of sale of grain for future delivery to which such clearing member is a party either as buyer or seller, made on or subject to the rules of the contract market covered by the report. Persons who are clearing members of more than one contract market shall report separately with respect to each such market. Such report shall show separately for each kind of grain and each delivery month:

(a) the total of all open accounts "long" and the total of all open accounts "short" carried by such clearing member, at the beginning and at the end of the period covered by the report, including his own accounts as well as the accounts of other persons;

(b) the net position of such clearing member in respect to all accounts and contracts open on his books at the end of the period covered by the report;

(c) the quantity of grain bought and the quantity of grain sold on such contracts during the period covered by the report;

(d) the quantity of grain delivered and the quantity of grain received on such contracts during the period covered by the report; and

(e) the quantity of grain represented by delivery notices passed back to the clearing organization or passed on to other clearing members.

SEC. 202. Unless otherwise authorized in writing by the Commodity Exchange Administration upon good cause shown, reports required to be made on form 200 shall be filed in the office of the Commodity Exchange Administration in the city where the contract market covered by the report is located, as soon as possible after the close of the market on each business day and not later than 30 minutes before the official opening of the market on the next following business day. If there be no office of the Commodity Exchange Administration in such city, the reports shall be transmitted in accordance with instructions furnished by the Commodity Exchange Administration.

SEC. 203. Reports on form 200 shall be prepared with care, and if any error or omission is discovered in any report a memorandum thereof shall be furnished as soon as possible. Minor corrections may be shown in the next succeeding report.

FORMS 201 AND 202

SEC. 204. Each *futures commission merchant* and each *member* of a contract market, who shall carry for another person any account in any future of any grain, resulting from any transaction made on or subject to the rules of a contract market, which shall show open contracts in any one future equal to or in excess of the amount specified in section 220 hereof, shall report such account daily to the Commodity Exchange Administration on form 201 applicable to such contract market. "House accounts" carried by a member of a contract market or by a futures commission merchant shall likewise be reported on form 201.

For the purpose of reporting on form 201, all accounts which belong to or are controlled by the same person shall be considered as one account. All accounts required to be reported on form 201 shall be known as "special accounts" and the report thereon shall show the net position, as of the close of the market on the day covered by the report, of each such account in each future in which there are open contracts equal to or in excess of such specified amount.

SEC. 205. The report for the first day that a "special account" shows open contracts in any one future equal to or in excess of the amount specified in section 220 hereof shall show also the net position of such account in such future as of the close of the market on the last preceding business day. Such account shall also be reported on the first day that the net position thereof in such future falls below such specified amount after having been reported as a "special account."

SEC. 206. Unless otherwise authorized in writing by the Commodity Exchange Administration upon good cause shown, reports required to be made on form 201 shall be filed with the Commodity Exchange Administration not later than 30 minutes before the official opening of the market on the next following business day: *Provided*, That futures commission merchants and members of contract markets that are not located in a city where the Commodity Exchange Administration has an office, may transmit such reports by mail, in accordance with instructions furnished by the Commodity Exchange Administration. Reports received by mail will be considered duly filed if postmarked not later than midnight of the day covered by the report.

SEC. 207. Reports on form 201 shall be prepared in accordance with the instructions appearing thereon. Each account reported shall be designated by account number or code and when such account number or code appears for the first time on form 201 it shall be identified on form 202, and such identification (transmitted in a separate sealed envelope marked "Confidential") shall accompany the report on form 201. An account number or code once identified on form 202 shall not thereafter be changed or assigned to any other account without the prior approval of the Commodity Exchange Administration.

SEC. 208. If more than one person shall have control over or be known to have a participating financial interest in any account reported on form 201, the names and addresses of all such persons shall be shown on form 202.

SEC. 209. In identifying accounts on form 202 the person reporting shall indicate the character of such accounts, i. e., whether hedging, spreading, speculative, or commission house.

FORM 203

SEC. 210. Every *person* who holds or controls open contracts in any *one* future of any grain on any *one* contract market which equal or exceed the amount fixed by the Secretary of Agriculture (in section 221 hereof) for reporting purposes under section 4i (2) of the Commodity Exchange Act shall report to the Commodity Exchange Administration on form 203. Such report shall be made *daily: Provided*, That if on any day such person has no trades or transactions in any future of a grain previously reported and there has been

no change in the open contracts of such person in any such grain, the last detailed report of such person shall be considered as his report on open contracts in such grain on all intervening days. Such person shall also make a report on form 203 covering the day on which the amount of his open contracts in such future falls below the amount fixed in section 221 hereof.

SEC. 211. Separate reports on form 203 shall be filed covering each grain in which the person reporting has or controls open contracts in any one future which equal or exceed the amount fixed in section 221 hereof. Each such report shall show for the day covered thereby, by markets and by futures:

(a) the amount of open contracts held or controlled by such person in all futures of such grain on all boards of trade in the United States and elsewhere;

(b) the character of the open contracts held or controlled, i. e., whether hedging, spreading, or speculative;

(c) the amount of such grain bought and the amount sold by such person for future delivery on all boards of trade in the United States and elsewhere; and

(d) the amount of such grain delivered by or to such person in settlement of futures contracts.

For the purposes of subparagraph (b) hereof the term "hedging" shall have the same meaning as the term "bona fide hedging transactions" appearing in paragraph (3) of section 4a of the Commodity Exchange Act.

SEC. 212. Unless otherwise authorized in writing by the Commodity Exchange Administration upon good cause shown, reports required on form 203 shall be filed with the Commodity Exchange Administration as soon as possible after the close of business on the day covered by the report and in any event not later than 9 o'clock a. m. on the next following business day: *Provided*, That reports may be transmitted by mail, in accordance with instructions furnished by the Commodity Exchange Administration. Reports received by mail will be considered duly filed if postmarked not later than midnight of the day covered by the report.

SEC. 213. Upon receipt of the first report from any person on form 203, or upon application in advance, the Commodity Exchange Administration will assign to such person a code number. In all reports on form 203 filed thereafter, such code number shall be used instead of the name of such person.

SEC. 214. Persons having or controlling open contracts in any future of any grain on any contract market equal to or in excess of the amount fixed in section 221 hereof shall keep books and records showing the details concerning such contracts and all related transactions, and upon request shall furnish the Commodity Exchange Administration with the names and addresses of all futures commission merchants and board of trade members with whom or through whom such contracts are held and of all persons having a participating financial interest in such contracts, together with such other pertinent information as may be called for.

SEC. 215. Each person required to report on form 203 shall,

(a) if a partnership, furnish upon call the name and address of each partner;

(b) if a corporation, furnish upon call the name and address of each stockholder who owns or controls 20 per cent or more of the capital stock of such corporation; and

(c) if an association or trust, furnish upon call the name and address of each person participating in the management or having any financial or beneficial interest in the trading operations of such association or trust.

Such information shall be furnished to the Commodity Exchange Administration upon call in accordance with instructions contained in the call.

FORM 204

SEC. 216. Every *person* who is engaged in merchandising, processing, or dealing in, grain or grain products and who holds or controls open contracts in any one future of any grain on any contract market which equal or exceed the amount fixed in section 221 hereof shall report to the Commodity Exchange Administration on form 204, which report shall be rendered as of the close of business on *Friday* of each week unless otherwise authorized in writing by the Commodity Exchange Administration upon good cause shown.

SEC. 217. Such report shall contain the following information with respect to *each* grain in which the person reporting holds or controls open contracts in any one future thereof on or subject to the rules of any contract market equal to or in excess of the amount fixed in section 221 hereof:

(a) the amount of the net long or net short cash-grain position of such person in such grain;

(b) the make-up of the cash-grain position of such person in such grain showing—

(1) the amount of stocks of such grain or products or byproducts thereof,

(2) the amounts of purchase commitments open in such grain or products or byproducts thereof, and

(3) the amount of sale commitments open in such grain or products or byproducts thereof; and

(c) the amount of open contracts held by such person in all futures of such grain on all boards of trade in the United States and elsewhere.

SEC. 218. In determining the cash-grain position of any person reporting on form 204, such person shall use such standards and conversion factors applying to grain products and byproducts as are usual and common to the business in which he is engaged. If, in determining the cash-grain position of such person for hedging purposes, it be his practice regularly to exclude certain products or byproducts, such products or byproducts shall be excluded in reporting such cash-grain position on form 204.

Such person shall upon request furnish the Commodity Exchange Administration with detailed information concerning the kind and amount of each product or byproduct included in computing his cash-grain position and the conversion factor used for each such product or byproduct.

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SEC. 219. Unless otherwise authorized in writing by the Commodity Exchange Administration upon good cause shown, reports on form 204 shall be mailed to the Chief of the Commodity Exchange Administration, United States Department of Agriculture, Washington, D. C., not later than the next business day following the day covered by the report. Such reports should be mailed preferably in a plain envelope marked "Confidential." Reports received by mail will be considered duly filed if postmarked not later than the due date.

AMOUNTS FIXED FOR REPORTING ON FORMS 201, 203, AND 204

SEC. 220. For the purpose of sections 204 and 205 of article II of these rules and regulations, the amount specified for reporting accounts on form 201 is 200,000 bushels, but such specified amount shall not apply to special calls issued under authority of section 222 hereof.

SEC. 221. For the purpose of sections 210, 211, 214, 216, and 217 of article II of these rules and regulations, the amount fixed by the Secretary of Agriculture, under authority of section 4i (2) of the Commodity Exchange Act, for reporting on form 203 and form 204 is 200,000 bushels.

SPECIAL CALLS

SEC. 222. Whenever in the judgment of the Chief or Acting Chief of the Commodity Exchange Administration there is danger of congestion in any delivery month, each member of a contract market and each futures commission merchant shall, upon call, report all accounts carried by him which show open contracts in any designated grain future equal to or in excess of the amount specified in the call. Such report shall be made to the Commodity Exchange Administration on form 201, and shall be prepared and filed in accordance with instructions contained in the call. As to such calls, the amount specified for general reporting purposes in section 220 hereof shall have no application.

SEC. 223. Whenever in the judgment of the Chief or Acting Chief of the Commodity Exchange Administration there is danger of congestion in any delivery month, each member of a contract market who holds or controls open contracts in any grain future shall, upon call, report all open contracts in grain futures held or controlled by him if the amount thereof be equal to or in excess of the amount specified in the call. Such reports shall be made to the Commodity Exchange Administration on form 203 and shall be prepared and filed in accordance with the instructions contained in the call. As to such calls the amount fixed for general reporting purposes in section 221 hereof shall have no application.

COMMODITY EXCHANGE ACT

[U. S. C., 1934 ed., title 7, secs. 1–17; and U. S. C., 1934 ed., Supp. II, title 7, secs. 1–17a]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Commodity Exchange Act."

SEC. 2. (a) For the purposes of this Act "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. The word "person" shall be construed to import the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts. The word "commodity" shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs and Solanum tuberosum (Irish potatoes). The term "future delivery," as used herein, shall not include any sale of any cash commodity for deferred shipment or delivery. The words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person. The words "interstate commerce" shall be construed to mean commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof, or within any Territory or possession, or the District of Columbia. The words "cooperative association of producers" shall mean any cooperative association, corporate or otherwise, not less than 75 per centum in good faith owned or controlled, directly or indirectly, by producers of agricultural products and otherwise complying with an Act of Congress of February 18, 1922 (U. S. C., 1934 ed., title 7, secs. 291 and 292), as now or hereafter amended, including any organization acting for a group of such associations and owned or controlled by such associations, provided that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining the compliance of any such association with said Act of Congress of February 18, 1922. The words "member of a contract market" shall mean and include individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon. The words "futures commission merchant" shall mean and include individuals, asso-

ciations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. The words "floor broker" shall mean any person who, in or surrounding any "pit", "ring", "post", or other place provided by a contract market for the meeting of persons similarly engaged, shall engage in executing for others any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market, and who for such services receives or accepts any commission or other compensation. The words "the commission" shall mean the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General.

(b) For the purposes of this Act (but not in any wise limiting the foregoing definition of interstate commerce) a transaction in respect to any article shall be considered to be in interstate commerce if such article is part of that current of commerce usual in the commodity trade whereby commodities and commodity products and byproducts thereof are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacture within the State and the shipment outside the State of the products resulting from such manufacture. Articles normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this Act. For the purpose of this paragraph the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nation.

SEC. 3. Transactions in commodities involving the sale thereof for future delivery as commonly conducted on boards of trade and known as "future" are affected with a national public interest; that such transactions are carried on in large volume by the public generally and by persons engaged in the business of buying and selling commodities and the products and byproducts thereof in interstate commerce; that the prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries as a basis for determining the prices to the producer and the consumer of commodities and the products and byproducts thereof and to facilitate the movements thereof in interstate commerce; that such transactions are utilized by shippers, dealers, millers, and others engaged in handling commodities and the products and byproducts thereof in interstate commerce as a means of hedging themselves against possible loss through fluctuations in price; that the transactions and prices of commodities on such boards of trade are susceptible to speculation, manipulation, and control, and sudden or unreasonable fluctuations in the prices thereof frequently occur as a result of such speculation,

manipulation, or control, which are detrimental to the producer or the consumer and the persons handling commodities and products and byproducts thereof in interstate commerce, and that such fluctuations in prices are an obstruction to and a burden upon interstate commerce in commodities and the products and byproducts thereof and render regulation imperative for the protection of such commerce and the national public interest therein.

SEC. 4. It shall be unlawful for any person to deliver for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication any offer to make or execute, or any confirmation of the execution of, or any quotation or report of the price of, any contract of sale of any commodity for future delivery on or subject to the rules of any board of trade in the United States, or for any person to make or execute such contract of sale, which is or may be used for (a) hedging any transaction in interstate commerce in any commodity or the products or byproducts thereof, or (b) determining the price basis of any such transaction in interstate commerce, or (c) delivering any commodity sold, shipped, or received in interstate commerce for the fulfillment thereof, except, in any of the foregoing cases, where such contract is made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," as hereinafter provided, and if such contract is evidenced by a record in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery: *Provided*, That each board member shall keep such record for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture or the United States Department of Justice.

SEC. 4a. (1) Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity. For the purpose of diminishing, eliminating, or preventing such burden, the commission shall, from time to time, after due notice and opportunity for hearing, by order, proclaim and fix such limits on the amount of trading under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market which may be done by any person as the commission finds is necessary to diminish, eliminate, or prevent such burden. Nothing in this section shall be construed to prohibit the commission from fixing different trading limits for different commodities, markets, futures, or delivery months, or different trading limits for buying and selling operations, or different limits for the purposes of subparagraphs (A) and (B) of this section, or from exempting transactions commonly known to the trade as "spreads" or "straddles" or from fixing trading limits applying to such transactions different from trading limits fixed for other transactions.

(2) The commission shall, in such order, fix a reasonable time (not to exceed ten days) after the order's promulgation; after which, and until such order is suspended, modified, or revoked, it shall be unlawful for any person—

(A) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of the contract market or markets to which the order applies, any amount of such commodity during any one business day in excess of any trading limit fixed for one business day by the commission in such order for or with respect to such commodity; or

(B) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market, any amount of such commodity that shall result in giving such person a net long or net short position at any one time in or with respect to any such commodity in excess of any trading limit fixed by the commission for net long or net short position in such order for or with respect to such commodity.

(3) No order issued under paragraph (1) of this section shall apply to transactions which are shown to be bona fide hedging transactions. For the purposes of this paragraph, bona fide hedging transactions shall mean sales of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such sales are offset in quantity by the ownership or purchase of the same cash commodity or, conversely, purchases of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such purchases are offset by sales of the same cash commodity. There shall be included in the amount of any commodity which may be hedged by any person—

(A) the amount of such commodity such person is raising, or in good faith intends or expects to raise, within the next twelve months, on land (in the United States or its Territories) which such person owns or leases;

(B) an amount of such commodity the sale of which for future delivery would be a reasonable hedge against the products or byproducts of such commodity owned or purchased by such person, or the purchase of which for future delivery would be a reasonable hedge against the sale of any product or byproduct of such commodity by such person.

(4) This section shall apply to a person that is registered as a futures commission merchant or as a floor broker under authority of this Act only to the extent that transactions made by such person are made on behalf of or for the account or benefit of such person. This section shall not apply to transactions made by, or on behalf of, or at the direction of, the United States, or a duly authorized agency thereof.

SEC. 4b. It shall be unlawful for any member of a contract market, or for any correspondent, agent, or employee of any member, in or in connection with any order to make, or the making of (1) any contract of sale of any commodity in interstate commerce, or (2) any contract of sale of any commodity for future delivery made, or to be

made, on or subject to the rules of any contract market for or on behalf of any person if such contract for future delivery is or may be used for (a) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) to cheat or defraud or attempt to cheat or defraud such person;

(B) Willfully to make or cause to be made to such person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof;

(C) willfully to deceive or attempt to deceive such person by any means whatsoever in regard to any such order or contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person; or

(D) to bucket such order, or to fill such order by offset against the order or orders of any other person, or willfully and knowingly and without the prior consent of such person to become the buyer in respect to any selling order of such person, or become the seller in respect to any buying order of such person.

Nothing in this section or in any other section of this Act shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from executing such buying and selling orders at the market price: *Provided*, That any such execution shall take place on the floor of the exchange where such orders are to be executed at public outcry across the ring and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange.

SEC. 4c. It shall be unlawful for any person to offer to enter into, enter into, or confirm the execution of, any transaction involving any commodity, which is or may be used for (1) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (2) determining the price basis of any such transaction in interstate commerce in such commodity, or (3) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) if such transaction is, is of the character of, or is commonly known to the trade as, a "wash sale", "cross trade", or "accommodation trade", or is a fictitious sale;

(B) if such transaction is, is of the character of, or is commonly known to the trade as, a "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty", or

(C) if such transaction is used to cause any price to be reported, registered, or recorded which is not a true and bona fide price.

Nothing in this section shall be construed to prevent the exchange of futures in connection with cash commodity transactions or of futures for cash commodities, or of transfer trades or office trades if made in accordance with board of trade rules applying to such transactions and such rules shall not have been disapproved by the Secre-

tary of Agriculture. Nothing in this section or section 4b shall be construed to impair any State law applicable to any transaction enumerated or described in such sections.

SEC. 4d. It shall be unlawful for any person to engage as futures commission merchant in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless—

(1) such person shall have registered, under this Act, with the Secretary of Agriculture as such futures commission merchant and such registration shall not have expired nor been suspended nor revoked; and

(2) such person shall, whether a member or nonmember of a contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held: *Provided, however,* That such money, securities, and property of the customers of such futures commission merchant may, for convenience, be commingled and deposited in the same account or accounts with any bank or trust company or with the clearing house organization of such contract market, and that such share thereof as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle the contracts or trades of such customers or resulting market positions, with the clearing-house organization of such contract market or with any member of such contract market, may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage, and other charges, lawfully accruing in connection with such contracts and trades: *Provided further,* That such money may be invested in obligations of the United States, in general obligations of any State or of any political subdivision thereof, in obligations fully guaranteed as to principal and interest by the United States, and in "investment securities" as defined in and under authority of section 5136 of the Revised Statutes, as amended, and, subject to approval by the Secretary of Agriculture, may be loaned on the security of negotiable warehouse receipts conveying or securing title to readily marketable commodities to the extent of the current loan value of such receipts, such investments and loans to be made in accordance with such rules and regulations and subject to such conditions as the Secretary of Agriculture may prescribe.

SEC. 4e. It shall be unlawful for any person to act as floor broker in executing any orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless such person shall have registered, under this Act, with the Secretary of Agriculture as such floor broker and such registration shall not have expired nor been suspended nor revoked.

SEC. 4f. (1) Any person desiring to register as futures commission merchant or as floor broker hereunder shall be registered upon application to the Secretary of Agriculture, which application shall be made in form and manner to be prescribed by the Secretary of Agriculture, giving such information and facts as the Secretary of Agriculture may deem necessary concerning the business in which the applicant is or will be engaged, including, in the case of applications of futures commission merchants, the names and addresses of the managers of all branch offices and of all correspondents and agents engaged in soliciting or accepting on behalf of such applicant any orders for the purchase of sale of any commodity for future delivery on or subject to the rules of any board of trade, and including also the names of its officers and partners, if a partnership, and of its officers, directors, and stockholders, as the Secretary of Agriculture may direct, if a corporation. Such person, when registered hereunder, shall likewise continue to report and furnish to the Secretary of Agriculture the above-mentioned information and such other information pertaining to his business as the Secretary of Agriculture may require. All registrations shall expire on the 31st day of December of the year for which issued, and shall be renewed upon application therefor unless the registration has been suspended (and the period of such suspension has not expired) or revoked after notice and hearing as prescribed in section 4g of this Act.

(2) Any person registered as futures commission merchant hereunder shall post in a conspicuous place in each of the offices maintained by such person in the United States in which orders for the purchase or sale of any commodity for future delivery are solicited or accepted, the original or duplicate copy (issued by the Secretary of Agriculture) of such person's registration certificate as such futures commission merchant.

SEC. 4g. If any person registered hereunder as futures commission merchant or floor broker shall violate any of the provisions of this Act, or any of the rules or regulations of the Secretary of Agriculture thereunder, or shall fail or refuse to make any report required by the Secretary of Agriculture regarding the transactions of such person, or the transactions of the customers thereof, in commodities for future delivery on any board of trade in the United States or elsewhere, or shall fail or refuse to keep the books and records pertaining to such transaction in the form and manner required by the Secretary of Agriculture, or shall fail or refuse to keep such books and records open to inspection by any representative of the United States Department of Agriculture or the United States Department of Justice, the registration of such person may be suspended or revoked after notice and hearing in accordance with the procedure and subject to the judicial review provided in paragraph (b) of section 6 of this Act.

SEC. 4h. It shall be unlawful for any person—

(1) to conduct any office or place of business anywhere in the United States or its territories for the purpose of soliciting or accepting any orders for the purchase or sale of any commodity for future delivery, or for making or offering to make any contracts for the purchase or sale of any commodity for future delivery, or for con-

ducting any dealings in commodities for future delivery, that are or may be used for

(A) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or

(B) determining the price basis of any such transaction in interstate commerce, or

(C) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof,

if such orders, contracts, or dealings are executed or consummated otherwise than by or through a member of a contract market; or

(2) falsely to represent such person to be a member of a contract market, or the representative or agent of such member, or to be a futures commission merchant registered under this Act, or the agent of such registered futures commission merchant, in soliciting or handling any order or contract for the purchase or sale of any commodity in interstate commerce or for future delivery, or falsely to represent in connection with the handling of any such order or contract that the same is to be or has been executed on, or by or through any member of, any contract market.

SEC. 4i. It shall be unlawful for any person to make any contract for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market unless such person shall report or cause to be reported to the properly designated officer in accordance with the rules and regulations of the Secretary of Agriculture (1) whenever such person shall directly or indirectly make such contracts with respect to any commodity, or any future of such commodity, during any one day in an amount equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture; and (2) whenever such person shall directly or indirectly have or obtain a long or short position in any commodity or in any future of such commodity, equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture. Such person shall also keep books and records of transactions coming within the provisions of (1) and (2) hereof, which books and records shall show complete details concerning all such transactions, including the names and addresses of all persons having any interest therein, and shall be open at all times to inspection by any representative of the United States Department of Agriculture or the United States Department of Justice.

SEC. 5. The Secretary of Agriculture is hereby authorized and directed to designate any board of trade as a "contract market" when, and only when, such board of trade complies with and carries out the following conditions and requirements:

(a) When located at a terminal market where any cash commodity of the kind specified in the contracts of sale of commodities for future delivery to be executed on such board is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the commodity and the differences in value between the various grades of such commodity, and where there is available to such board of trade official inspection service approved by the Secretary of Agriculture for the purpose: *Provided*, That any board of trade not so located shall be designated as a "contract market" if

such board of trade provides for the delivery of commodities on such contracts at a delivery point or points and upon terms and conditions approved by the Secretary of Agriculture.

(b) When the governing board thereof provides for the making and filing by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice.

(c) When the governing board thereof provides for the prevention of dissemination by the board or any member thereof, of false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce.

(d) When the governing board thereof provides for the prevention of manipulation of prices and the cornering of any commodity by the dealers or operators upon such board.

(e) When the governing board thereof does not exclude from membership in, and all privileges on, such board of trade, any duly authorized representative of any lawfully formed and conducted cooperative association of producers having adequate financial responsibility which is engaged in any cash commodity business, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such board: *Provided*, That no rule of a contract market shall forbid or be construed to forbid the return on a patronage basis by such cooperative association to its bona fide members of moneys collected in excess of the expense of conducting the business of such association.

(f) When the governing board provides for making effective the final orders or decisions entered pursuant to the provisions of paragraph (b) of section 6 of this Act.

SEC. 5a. Each contract market shall—

(1) promptly furnish the Secretary of Agriculture copies of all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or any committee, and of all changes and proposed changes therein;

(2) allow inspection at all times by any authorized representative of the United States Department of Agriculture or United States Department of Justice of the books, records, and all minutes and journals of proceedings of such contract market, its governing board and all committees, and of all subsidiaries and affiliates of such contract market, which books, records, minutes, and journals of proceedings shall be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct;

(3) require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe. Such books and records shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and such books, records, and warehouses shall be open at all times to inspection by any representative of the United States Department of Agriculture or United States Department of Justice;

(4) when so directed by order of the Secretary of Agriculture, provide for a period, after trading in contracts of sale of any commodity for future delivery in a delivery month has ceased, during which contracts of sale of such commodity for future delivery in such month may be satisfied by the delivery of the actual cash commodity. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that provision for such a period of delivery for any one or more commodities or markets would prevent or tend to prevent "squeezes" and market congestion endangering price stability, he shall, by order, require such period of delivery (which shall be not less than three nor more than ten business days) applicable to such commodities and markets as he finds will prevent or tend to prevent such "squeezes" and market congestion: *Provided, however*, That such order shall not apply to then existing contracts;

(5) require the party making delivery of any commodity on any contract of sale of such commodity for future delivery to furnish the party obligated under the contract to accept delivery, written notice of the date of delivery at least one business day prior to such date of delivery. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that the giving of longer notice of delivery is necessary to prevent or diminish unfair practices in trading in any one or more commodities or markets, he shall by order require such longer notice of delivery (which shall be not more than ten business days) applicable to such commodities and markets as he finds will prevent or diminish such unfair practices: *Provided, however*, That such order shall not apply to then existing contracts;

(6) require that all contracts of sale of any commodity for future delivery on such contract market shall provide for the delivery thereunder of commodities of grades conforming to United States standards, if such standards shall have been officially promulgated; and

(7) require that receipts issued under the United States Warehouse Act (U. S. C., 1934 ed., title 7, secs. 241–273) shall be accepted in satisfaction of any futures contract, made on or subject to the rules

of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however*, That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes.

SEC. 5b. The failure or refusal of any board of trade to comply with any of the provisions of this Act, or any of the rules and regulations of the Secretary of Agriculture thereunder, shall be cause for suspending for a period not to exceed six months or revoking the designation of such board of trade as a "contract market" in accordance with the procedure and subject to the judicial review provided in paragraph (a) of section 6 of this Act.

SEC. 6. Any board of trade desiring to be designated a "contract market" shall make application to the Secretary of Agriculture for such designation and accompany the same with a showing that it complies with the above conditions, and with a sufficient assurance that it will continue to comply with the above requirements.

(a) A commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a "contract market" upon a showing that such board of trade has failed or is failing to comply with any of the above requirements or is not enforcing its rules of government made a condition of its designation as set forth in section 5. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided*, That such suspension or revocation shall be final and conclusive unless within fifteen days after such suspension or revocation by the said commission such board of trade appeals to the circuit court of appeals for the circuit in which it has its principal place of business by filing with the clerk of such court a written petition praying that the order of the said commission be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Secretary of Agriculture, chairman of said commission, or any member thereof, and the said commission shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings, including the notice to the board of trade, a copy of the charges, the evidence, and the report and order. The testimony and evidence taken or submitted before the said commission duly certified and filed as aforesaid as a part of the record shall be considered by the court as the evidence in the case. The proceedings in such cases in the circuit court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the said commission or may direct it to

modify its order. No such order of the said commission shall be modified or set aside by the circuit court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of said commission: *Provided further*, That if the Secretary of Agriculture shall refuse to designate as a contract market any board of trade that has made application therefor, then such board of trade may appeal from such refusal to the commission described therein, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States, with the right to appeal as provided for in other cases in this section, the decision on such appeal to be final and binding on all parties interested.

(b) If the Secretary of Agriculture has reason to believe that any person (other than a contract market) is violating or has violated any of the provisions of this Act, or any of the rules and regulations made pursuant to its requirements, or has manipulated or is attempting to manipulate the market price of any commodity, in interstate commerce, or for future delivery on or subject to the rules of any board of trade, he may serve upon such person a complaint stating his charges in that respect, to which complaint shall be attached or contained therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made directing that all contract markets until further notice of the Secretary of Agriculture refuse all trading privileges to such person, and to show cause why the registration of such person, if registered as futures commission merchant or as floor broker hereunder, should not be suspended or revoked. Said hearing may be held in Washington, District of Columbia, or elsewhere, before the Secretary of Agriculture or before a referee designated by the Secretary of Agriculture, which referee shall cause all evidence to be reduced to writing and forthwith transmit the same to the Secretary of Agriculture. That for the purpose of securing effective enforcement of the provisions of this Act the provisions, including penalties, of the Interstate Commerce Act, as amended and supplemented (U. S. C., 1934 ed., title 49, secs. 12, 46, 47, and 48), relating to the attendance and testimony of witnesses, the production of documentary evidence, and the immunity of witnesses, are made applicable to the power, jurisdiction, and authority of the Secretary of Agriculture, the said commission, and said referee in proceedings under this Act, and to persons subject to its provisions. Upon evidence received, the Secretary of Agriculture may require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in the order, and, if such person is registered as futures commission merchant or as floor broker hereunder, may suspend, for a period not to exceed six months, or revoke, the registration of such person. Notice of such order shall be sent forthwith by registered mail or delivered to the offending person and to the governing boards of said contract markets. After the issuance of the order by the Secretary of Agriculture, as aforesaid, the person against whom it is issued may obtain a review of such

order or such other equitable relief as to the court may seem just by filing in the United States circuit court of appeals of the circuit in which the petitioner is doing business a written petition praying that the order of the Secretary of Agriculture be set aside. A copy of such petition shall be forthwith served upon the Secretary of Agriculture by delivering such copy to him, and thereupon the Secretary of Agriculture shall forthwith certify and file in the court a transcript of the record theretofore made, including evidence received. Upon the filing of the transcript the court shall have jurisdiction to affirm, to set aside, or modify the order of the Secretary of Agriculture, and the findings of the Secretary of Agriculture as to the facts, if supported by the weight of evidence, shall in like manner be conclusive. In proceedings under paragraphs (a) and (b) the judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code, as amended.

SEC. 6a. (1) No board of trade which has been designated as a "contract market" shall exclude from membership in, and all privileges on, such board of trade, any association or corporation engaged in cash commodity business having adequate financial responsibility which is organized under the cooperative laws of any State, or which has been recognized as a cooperative association of producers by the United States Government or by any agency thereof, if such association or corporation complies and agrees to comply with such terms and conditions as are or may be imposed lawfully upon other members of such board, and as are or may be imposed lawfully upon a cooperative association of producers engaged in cash commodity business, unless such board of trade is authorized by the commission to exclude such association or corporation from membership and privileges after hearing held upon at least three days' notice subsequent to the filing of complaint by the board of trade: *Provided, however*, That if any such association or corporation shall fail to meet its obligations with any established clearing house or clearing agency of any contract market, such association or corporation shall be ipso facto debarred from further trading on such contract market, except such trading as may be necessary to close open trades and to discharge existing contracts in accordance with the rules of such contract market applicable in such cases. Such commission may prescribe that such association or corporation shall have and retain membership and privileges, with or without imposing conditions, or it may permit such board of trade immediately to bar such association or corporation from membership and privileges. Any order of said commission entered hereunder shall be reviewable by the circuit court of appeals for the circuit in which such association or corporation, or such board of trade, has its principal place of business, on written petition either of such association or corporation, or of such board of trade, under the procedure provided in paragraph (a) of section 6 of this Act, but such order shall not be stayed by the court pending review.

(2) No rule of any board of trade designated as a contract market shall forbid or be construed to forbid the payment of compensation on a commodity-unit basis, or otherwise, by any federated cooperative association to its regional member-associations for services ren-

dered or to be rendered in connection with any organization work, educational activity, or procurement of patronage, provided no part of any such compensation is returned to patrons (whether members or nonmembers) of such cooperative association, or of its regional or local member-associations, otherwise than as a dividend on capital stock or as a patronage dividend out of the net earnings or surplus of such federated cooperative association.

SEC. 6b. If any board of trade, or any director, officer, agent, or employee of any board of trade is violating or has violated any of the provisions of this Act or any of the rules or regulations of the Secretary of Agriculture thereunder, or any order issued by the commission pursuant to any provision of this Act, the commission, in lieu of revoking the designation of such board of trade as a "contract market" may, upon notice and hearing and subject to appeal as in other cases provided for in paragraph (a) of section 6 of this Act, make and enter an order directing that such board of trade, director, officer, agent, or employee shall cease and desist from such violation or violations, and if such board of trade, director, officer, agent, or employee, thereafter and after the lapse of the period allowed for appeal of such order or after the affirmance of such order, shall fail or refuse to obey or comply with such order, such board of trade, director, officer, agent, or employee shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not less than $500 nor more than $10,000 or imprisoned for not less than six months nor more than one year, or both. Each day during which such failure or refusal to obey such order continues shall be deemed a separate offense.

SEC. 7. Any board of trade that has been designated a contract market in the manner herein provided may have such designation vacated and set aside by giving notice in writing to the Secretary of Agriculture requesting that its designation as a contract market be vacated, which notice shall be served at least ninety days prior to the date named therein as the date when the vacation of designation shall take effect. Upon receipt of such notice the Secretary of Agriculture shall forthwith order the vacation of the designation of such board of trade as a contract market, effective upon the day named in the notice, and shall forthwith send a copy of the notice and his order to all other contract markets. From and after the date upon which the vacation became effective the said board of trade can thereafter be designated again a contract market by making application to the Secretary of Agriculture in the manner herein provided for an original application.

SEC. 8. For the efficient execution of the provisions of this Act, and in order to provide information for the use of Congress, the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade, whether prior or subsequent to the enactment of this Act, and may publish from time to time, in his discretion, the result of such investigation and such statistical information gathered therefrom as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the Secretary of Agriculture from making or issuing such reports as he may deem necessary relative to the conduct of any board of trade or of the transactions of any person found guilty of violating the provisions of this Act under the proceedings prescribed in section 6 of this Act: *Provided further*, That the Secretary of Agriculture in any report may include the facts as to any actual transaction. The Secretary of Agriculture, upon his own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of commodities and commodity products and byproducts, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. He shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as he may deem most effective, information respecting the commodity markets, together with information on supply, demand, prices, and other conditions in this and other countries that affect the markets.

SEC. 8a. The Secretary of Agriculture is authorized—

(1) to register futures commission merchants and floor brokers upon application in accordance with rules and regulations and in form and manner to be prescribed by the Secretary of Agriculture; and

(2) to refuse to register any person if such person has violated any of the provisions of this Act or any of the rules or regulations promulgated by the Secretary of Agriculture hereunder for which the registration of such person has been suspended (and the period of such suspension shall not have expired) or has been revoked; and

(3) to suspend or revoke the registration of any futures commission merchant who shall knowingly accept any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market from any person if such person has been denied trading privileges on any contract market by order of the Secretary of Agriculture under the provisions of paragraph (b) of section 6 of this Act and the period of denial specified in such order shall not have expired; and

(4) to fix and establish from time to time fees and charges for registrations and renewals thereof and for copies of registration certificates, not to exceed $10 for each such registration, renewal, or copy; and

(5) to make and promulgate such rules and regulations as, in the judgment of the Secretary of Agriculture, are reasonably necessary to effectuate any of the provisions or to accomplish any of the purposes of this Act; and

(6) to communicate to the proper committee or officer of any contract market and to publish, notwithstanding the provisions of section 8 of this Act, the full facts concerning any transaction or market operation, including the names of parties thereto, which in the judgment of the Secrtary[1] of Agriculture disrupts or tends to disrupt any market or is otherwise harmful or against the best interests of producers and consumers.

SEC. 9. Any person who shall violate the provisions of section 4, section 4a, section 4b, section 4c, section 4d, section 4e, section 4h,

[1] So in original.

or section 4i of this Act, or who shall manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any board of trade, or who shall corner or attempt to corner any such commodity, or who shall fail to evidence any contract mentioned in section 4 of this Act by a record in writing as therein required, or who shall knowingly or carelessly deliver or cause to be delivered for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the pric of any commodity in interstate commerce, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than one year, or both, together with the costs of prosecution.

SEC. 10. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 11. No fine or imprisonment shall be imposed for any violation of this Act occurring before the first day of the second month following its passage.

SEC. 12. The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this Act in the District of Columbia and elsewhere, and there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necesary for such purposes.

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